

Doriemus Plc

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Directors:

Executive Chairman

David Lenigas

Executive Directors

Greg Lee
Donald Strang

Non-Exec Directors

Glenn Whiddon
Hamish Harris

Corporate Information:

ASX Code: DOR
NEX Code: DOR



ASX / Media Announcement

30 October 2018

Quarterly Activity Report to 30 September 2018 and Significant Activity post Reporting Period

Highlights:

Significant Activity post the reporting period:

- **Horse Hill Discovery (“HH 1”) – UK onshore Weald Basin**
 - Extended Well Testing (“EWT”) of the Kimmeridge KL3 oil reservoir have commenced with exceptionally good initial flow rates being achieved.
 - The Operator and partners confirm the Portland oil reservoir is commercially viable after completing the successful Portland EWT.
 - Development plans for a total of 6 new wells for the Portland and Kimmeridge oil discovery have been submitted to Surrey City Council.
 - EWT continues on the KL3.

Significant activities during the reporting period:

- **Horse Hill Discovery:**
 - The Portland EWT tests had been successfully completed, including a reperforation and additional testing sequence, and the results were well above expectations.
 - The Portland clean-up phase was successfully completed with oil being produced flowing naturally and under pump.
 - Independent experts confirm the optimised rates could be significantly better.
 - The EWT for the Kimmeridge KL3 and KL4 was underway.
- **Lidsey Oil Field:**
 - Assessment of the Kimmeridge formation produced crude at the Lidsey Oil Field indicated high quality crude.
- **Brockham Oil Field:**
 - A key and major approval had been received from the Surrey Country Council for the plans to perforate 200m of pay and commence production from the Brockham BR-X4Z side track well.

David Lenigas, Doriemus Plc’s Executive Chairman; commented;

“We are seeing some exceptional flow rates from the Horse Hill - 1 well near London’s Gatwick International Airport. The upper Portland sandstone oil reservoir has now been determined to be commercially viable, after successful testing, and we are now seeing excellent flow results from the Kimmeridge limestone testing on the KL3 oil sequence. We are anticipating a very fruitful last quarter of 2018, with the continued flow testing of Horse Hill and the first oil production from the Brockham side-track some 10km NW of Horse Hill.”

SIGNIFICANT OPERATIONAL ACTIVITIES POST THE REPORTING PERIOD:

Horse Hill (“HH”) Petroleum Exploration and Development License:

On the 8 October 2018, Doriemus announced that the Operator of Horse Hill (HHDL) had informed the Company that the Kimmeridge Limestone Extended Well Test (“EWT”) operations have commenced.

Key Points:

- Xodus final analysis of the Portland Pressure Build Up (“BPU”) survey indicates that the single HH-1 well “sees” a connected Portland oil in place (“OIP”) volume of approximately 7-11 million barrels, a robustly viable commercial volume for a single well.
- Horse Hill Portland and Kimmeridge long-term production scoping report has been submitted to Surrey County Council (“SCC”). Overall plan includes a total of 6 production wells, with up to 3 production wells and a reservoir pressure support well in the Portland oil pool.
- A planning application for production will be submitted to SCC prior to the completion of the 2018 EWT programme

On the 11 October 2018, Doriemus announced that the Operator of the HH-1 EWT, has informed the Company that the Kimmeridge Limestone 3 (“KL3”) EWT programme has recorded sustained light, sweet, 40°-41° API crude oil flow continuously under natural flow to surface, with sustained rates significantly exceeding those recorded during the KL3 short flow test programme in 2016.

Key Points:

- KL3 EWT flow sequence commenced ahead of planned detailed KL4 test.
- KL3 has flowed 40°-41° API crude oil continuously under natural flow to surface (i.e. without any pump) over a 50-hour initial planned oil flow period. Oil flow commenced immediately on opening the well up with minimal pressure “draw-down”. First planned 24-hour shut-in and pressure build-up test (“PBU”) now underway.
- Sustained continuous oil rates of between 563 and 771 barrels of oil per day (“bopd”) on 36/64 inch and 38/64 inch choke, respectively, recorded over last 24 hours with gas rates up to 186,000 cubic ft per day measured through enclosed flare.
- Flow sustained at stabilised bottom hole pressure, with rates significantly higher than those reported over the short-term flow periods in 2016 and with nil produced water.
- Initial well productivity index of between 1.4 to 2.5 bpd/psi is around twice that seen in 2016 KL3 test.
- Simultaneous pressure data recorded in overlying KL4 is indicative that KL3 and KL4 are one single connected oil pool with an implied minimum vertical extent of 358 ft.
- The KL4, which flowed at a reported rate of 901 bopd over a 4-hour period in 2016, will be flow tested after completion of the current KL3 EWT.

On the 19 October 2018, Doriemus announced that following preliminary engineering and economic modelling of the successful Portland Extended Well Test (“EWT”) programme, it now considers the Portland oil field to be commercially viable. The Operator is now targeting the start-up of long-term Portland oil production in 2019, subject to the grant of necessary regulatory consents.

The first planned horizontal production well, HH-2, is to be drilled in early 2019. All Planning Authority and Environment Agency consents are in place.

Key points and further details are summarised below:

- Following analysis of EWT results and economic modelling of HHDL’s and Xodus Group’s (“Xodus”) forecast oil production profiles, HHDL now considers the Portland oil field to be commercially viable. Work is now underway towards a targeted long-term production start-up in 2019.

- HHDL currently envisages the Portland field development plan to consist of up to 3 production wells and up to 2 pressure support wells.
- A planning application for Portland and Kimmeridge field development is nearing completion and is targeted for submission to Surrey County Council (“SCC”) before year-end.
- Xodus’ inhouse modelling has estimated future Portland oil production profiles based upon observed pressure and volumetric data from the EWT. The modelling also shows that oil recoveries could possibly be up to 45% of connected Oil in Place (best case) subject to the successful establishment and operation of a full voidage replacement pressure support system planned to be incorporated into the field’s development.
- The Portland Field’s first new horizontal production well, HH-2, which has SCC planning and Environment Agency consents, is planned to spud in early 2019 following completion of the Kimmeridge Limestone EWT.
- As reported on 10 September 2018, the HH-2 horizontal well has a targeted* sustainable daily Portland production rate of a best-case estimated rate of between 720 to 1,080 bopd, which is 2 to 3 times the calculated* sustainable vertical well rate of 362 bopd derived from the EWT programme.
- Following submission of the planning application, Xodus’ 2018 Portland Competent Persons Report will be updated to include recoverable reserves and net present values of cash flows associated with the envisaged Portland oil field development.

(* It was noted that there can be no guarantee that forecast, targeted or calculated rates of production and recoveries derived from the current and future engineering modelling will be achieved. There is also no guarantee full voidage will be achieved.)

OPERATIONAL ACTIVITIES FOR THE QUARTER TO 30 JUNE 2018:

Horse Hill (“HH”) Petroleum Exploration and Development License:

On the 20 July 2018, Doriemus announced that the Operator of Horse Hill Horse Hill Developments Ltd (“HHDL”) had released initial information on the EWT of the first formation to be tested “The Portland Formation” at the Horse Hill - 1 well, as detailed below:

- Initial Portland well “clean-up” phase completed successfully and that light sweet dry crude oil (36° API) and associated gas was produced via pump and natural flow over a 4-day period.
- Flow rates over that period mostly exceed 2016 values. With the highest hourly rate equivalent to an estimated daily rate of 352 barrels of oil per day (“bopd”) with high gas rates.
- Flow still being optimized with the first tanker containing pure oil being exported to BP’s Hamble oil terminal.

On the 6 August 2018, Doriemus announced that the Operator of Horse Hill had informed the Company that the Portland short-term high rate tests had achieve the following:

- Stable calculated daily pumped rates of 401 and 414 bopd of dry 36° API oil produced over two separate flow periods of 6 and 2 hours, respectively, with associated initial instantaneous half hourly pumped rates of 441 and 470 bopd.
- The maximum rate recorded was limited by the pump’s maximum rated capacity of around 470 bopd. A higher capacity rod pump was sourced and mobilised for use at HH-1.
- Metered daily oil rates and recovered Portland volumes, to date, exceed 2016 test values. With associated solution gas rates of around 41,000 cu ft per day.
- Forward EWT programme includes flow optimisation necessary to determine the maximum sustainable long-term flow rate and a lengthy stabilised flow period with subsequent pressure build ups to allow economic and engineering analysis to then confirm the well accesses a commercially viable oil volume.

On the 11 September 2018, Doriemus announced that the Operator of HH-1 had informed the Company that the final HH-1 Portland flow test sequence was successfully completed, and that all Portland operational objectives were successfully achieved.

- Successful Portland re-perforation programme targeted the original oil pay plus an additional 14 feet of new pay. Following re-perforation activities, the well productivity increased significantly.
- Independent oil consultants Xodus Group's ("Xodus") preliminary analysis of flow and pressure data interprets that with further HH-1 Portland vertical well optimisation the well could theoretically achieve a sustainable 24/7 pumped rate of an estimated 362 barrels of oil ("bopd") when full scale long-term production commences, significantly exceeding original estimates. This analysis when completed is key as it establishes the absolute flow potential of the Portland reservoir for future production wells.
- Given the preliminary estimated potential of the Portland's true flow, plans were being formulated to drill either the HH-1z sidetrack or HH-2 new drill as a horizontal Portland appraisal well, with a targeted theoretical estimated initial daily production rate of 720 to 1,080 bopd which is 2 to 3 times the theoretically calculated HH-1 well rate of 362 bopd. All planning permissions, Environment Agency permits and the HH-2 well cellar are in place for a horizontal well. If Xodus commercial analysis is successful it is envisaged that all future Portland production will be via horizontal wells.
- Economic modelling indicates that HH-1 Portland is robustly commercial at even the lowest observed sustainable daily rate of 140 bopd and at oil prices below \$60 per barrel. A formal Horse Hill Developments Ltd ("HHDL") declaration of Portland commerciality is therefore expected shortly following receipt of Xodus' final connected oil volume analysis. A planning application for long term production is planned to be submitted to Surrey County Council shortly, prior to the completion of the forthcoming Kimmeridge EWT programme. Full-scale long-term production, targeted for 2019, is subject to co-venturer and regulatory approvals.
- All 36° API Brent quality oil produced during the EWT is "dry", containing only 0.02% water.
- Preparation for the primary EWT objective, to establish the commerciality of the Kimmeridge Limestone 3 ("KL3") and KL4 oil pools underlying the Portland, has now commenced.
- Kimmeridge testing will begin in the uppermost KL4 oil pool immediately following the removal of two suspension plugs and installation of a new completion string straddling the two Kimmeridge oil pools.

Lidsey Onshore Production License:

On the 4 July 2018, Doriemus announced that the Operator of the Lidsey Oil Field (Angus Energy Plc as Operator) had announced positive oil analysis results obtained from of the oil produced from the Kimmeridge (Clay) Layers in the Lidsey-X1 Well as part of its recent supplementary assessment programme on the Lidsey-X1 well. The operator also announced that the samples tested demonstrated a composite of oil from the Oxfordian and Kimmeridge layers exhibiting a mixed range of source maturities. The lowest quality crude in the range possessed light 38.5° API oil in the natural fracture system. Comparatively, Brent Oil is 36° API.

Brockham Production License:

On the 9 August 2018, Doriemus announced that the Operator of the Lidsey Oil Field, had announced that Surrey County Council approved plans for the flow testing and production of the Brockham BR-X4Z side-track well which is just south of London's M25.

- The well has been drilled and cased and is ready for perforation.
- Brockham BR-X4Z well is planned to produce from a 200m naturally fractured section of a 385m thick Kimmeridge interbedded shale and limestone oil pool.

Ownership of Horse Hill, Brockham and Lidsey:

Horse Hill Developments Limited (“HHDL”):

- The Company currently owns a 10% interest in a special purpose company, HHDL, which is the operator and 65% interest holder in two Petroleum Exploration and Development Licences (“PEDL”) PEDL137 and PEDL246 in the northern Weald Basin between Gatwick Airport and London (Figure 1). The PEDL137 licence covers 99.29 km² (24,525 acres) to the north of Gatwick Airport in Surrey and contains the Horse Hill-1 (“HH-1”) discovery well. PEDL246 covers an area of 43.58 km² (10,769 acres) and lies immediately adjacent and to the east of PEDL137. The HH-1 well is located approximately 7.5 km south-east of the Brockham oil field.

Brockham Oil Field:

- The Company owns a 10% participating interest (“PI”) in the fully permitted UK Production Licence 235 (PL 235) (Figure 1), which comprises the Brockham Oil Field. Operated by Angus Energy Plc. The Brockham oil field is 8.9km² and is located in the Weald Basin in Surrey, Southern England, close to London’s Gatwick Airport. Angus Energy Plc is the Operator.

Lidsey Oil Field:

- The Company owns a 20% participating interest in UK Production Licence 241 (PL 241) (Figure 1), which comprises the Lidsey oil field. Only in the newly drilled Lidsey-2 oil well does DOR have a 30% participating interest in the hydrocarbons. The Lidsey oil License is 5.3km² and located in the south of the Weald Basin near the southern England town of Bognor Regis in West Sussex. Angus Energy Plc is the Operator.

Non-Core Assets:

No significant activity has occurred through this reporting period

Isle of Wight:

DOR has a 5% participating interest in a 200km² onshore Isle of Wight Petroleum Exploration and Development Licence (PEDL 331). The Company considers this to be a passive investment but plans for development are continuing.

Investment in Greenland Gas & Oil Plc (1.33% interest in GGO):

The Company has a small shareholding in the English registered company Greenland Gas and Oil Plc (“GGO”), which is an early stage oil and gas exploration company focused on acquiring oil and gas exploration assets in Greenland. The Company considers this to be a passive investment.

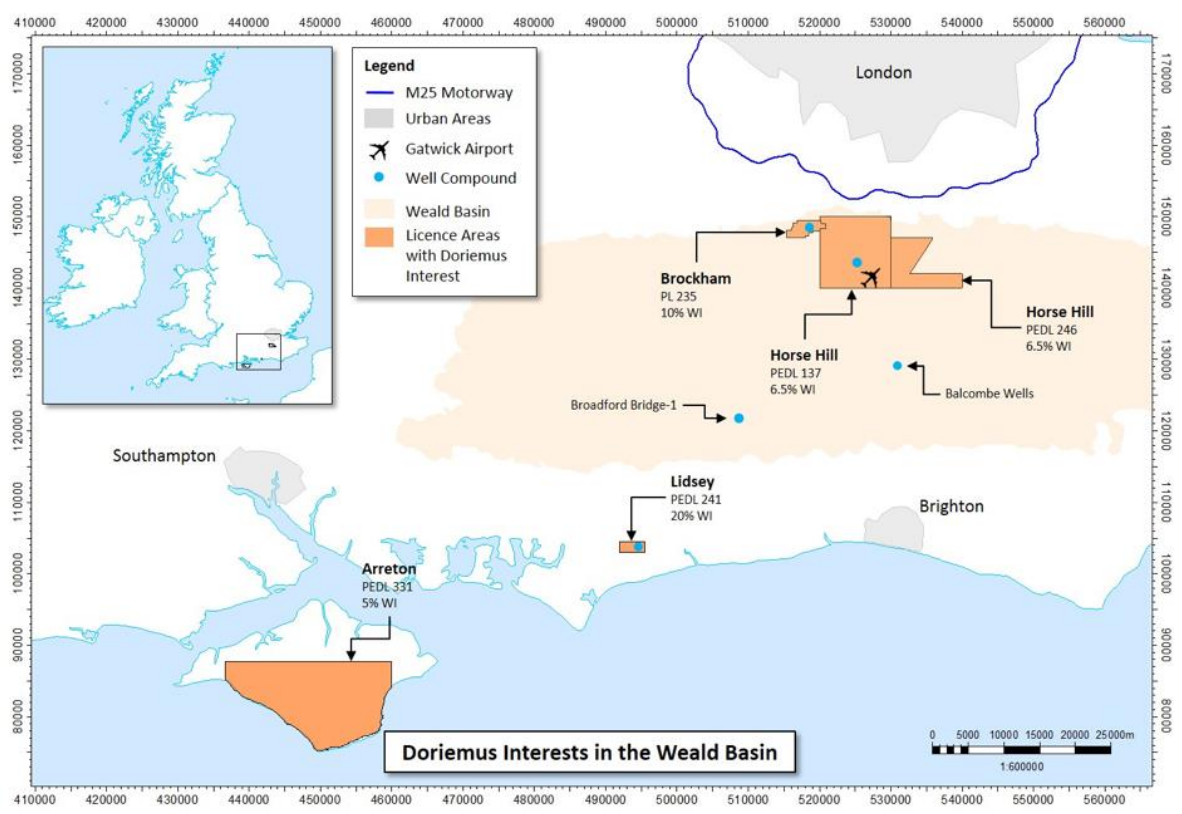
CORPORATE:

No material change.

QUALIFIED PETROLEUM RESERVES AND RESOURCES ESTIMATOR / COMPETENT PERSONS STATEMENT:

Pursuant to the requirements of the ASX Listing Rules Chapter 5 in Australia and the NEX Rules in the United Kingdom for Companies, the technical information and resource reporting contained in this announcement was prepared by, or under the supervision of, Mr Gregory Lee, who is the Technical Director of the Company. Mr Lee has more than 30 years' diversified experience in the petroleum industry. Mr Lee is a chartered professional Engineer (CPEng) and a member of the society of petroleum engineers (MSPE) and has been an independent consultant Petroleum Engineer since 1992 and has sufficient experience in exploration for, appraisal and development, operations of oil and gas resources.

Figure 1: Doriemus Plc's UK based Oil and Gas Assets:



CONTACTS:

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FORWARD LOOKING STATEMENTS AND IMPORTANT NOTICE:

This announcement may contain forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by many variables which could cause actual results or trends to differ materially.

Investors should make and rely upon their own enquiries before deciding to acquire or deal in the Company's securities.

This announcement may contain forecasts, projections and forward looking information. Although the Company believes that its expectations, estimates and forecast outcomes are based on reasonable assumptions it can give no assurance that these will be achieved. Expectations, estimates and projections and information provided by the Company are not a guarantee of future performance and involve unknown risks and uncertainties, many of which are out of the Company's control. Actual results and developments may differ materially from those expressed or implied. To the maximum extent permitted by applicable laws, the Company makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and takes no responsibility and assumes no liability for (1) the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission from, any information, statement or opinion contained in this announcement and (2) without prejudice to the generality of the foregoing, the achievement or accuracy of any forecasts, projections or other forward looking information contained or referred to in this announcement.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

DORIEMUS PLC (DOR)

ABN

619 213 437

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter GB£'000	Year to date (12 Months) GB£'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13	13
1.2 Payments for		
(a) exploration & evaluation	-	(541)
(b) development	(76)	(76)
(c) production	(194)	(194)
(d) staff costs	(36)	(127)
(e) administration and corporate costs	(56)	(110)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (a) VAT / GST	-	-
1.9 Net cash from / (used in) operating activities	(349)	(1,035)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter GB£'000	Year to date (12 Months) GB£'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	387	1,098
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(349)	(1,035)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	(25)
4.6 Cash and cash equivalents at end of period	38	38

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter GB£'000	Previous Quarter GB£'000
5.1 Bank balances	38	387
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	38	387

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current
quarter
GB£'000**

(33)

-

Directors salary, fees, superannuation and exploration consultancy, related to the current and prior quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current
quarter
GB£'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end GB£'000	Amount drawn at quarter end GB£'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	GB£'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(10)
9.5 Administration and corporate costs	(25)
9.6 Other (provide details if material)	100
9.7 Total estimated cash outflows	65

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 

Company secretary

Date: 30 October 2018

Print name: Julia Beckett

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.